# GOVERNMENT OF INDIA
# PETROLEUM AND NATURAL GAS
# LOK SABHA

UNSTARRED QUESTION NO:4473
ANSWERED ON:24.04.2008
TAXES ON PETROLEUM PRODUCTS
Meghwal Shri Kailash

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

(a) whether the excise duty, revenue levy, sales tax, special cost, the commission and profit margins of the dealers is included in the sale price of petroleum products viz, petrol, diesel, gas and kerosene oil;

(b) if so, the percentage of each of these components in the sale price of these products;

(c) whether the sale price of these petroleum products is also affected by special concessions in fixation of sale price, the facilities of the companies, concession in excise duties, cost of public conveniences, the funds involved in disputes, capital gains, the Government scams etc;

(d) if so, the details thereof;

(e) whether the Union and State Governments propose to reduce their respective taxes by mutual consent in order to provide some relief to the consumers from the rising prices; and

(f) if so, the time by which it is likely to be done?

## Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS(SHRI DINSHA PATEL)

(a)&b): The break-up of price components of Petrol, Diesel, LPG (Domestic) and PDS Kerosene at Delhi are given in the Annexure.

(c)&(d): Retail selling price of petroleum products namely Petrol, Diesel,, LPG(Domestic) and PDS Kerosene is to be calculated by taking into account:

(i) Basic Ex-storage Point Price

(ii) Freight from refinery to depot and depot to market

(iii) Excise duty at applicable rates

(iv) Sales Tax and other local levies

(v) Dealers/Distributors commission, etc.

The basic ex-storage selling prices are uniform at all refinery locations throughout the country. Currently, Government is modulating the retail selling price of the four sensitive petroleum products in such a manner as not to pass on the burden of spiraling international oil prices so as to protect the consumer and to insulate the economy from the inflationary impact of international oil prices. Despite the steep increase in the international oil prices, the prices of domestic LPG and PDS Kerosene have not been increased since November, 2004 and March, 2002 respectively. The Government has made a marginal increase in petrol and diesel prices by Rs.2/litre and Re.1/ litre respectively with effect from 15.2.2008.

(e)&(f): The duties on sensitive petroleum products have been rationalized to mitigate the impact of high international oil prices on their retail selling prices. The Customs Duty on Petrol and Diesel has been reduced from 10% to 7.5% effective 14.6.2006 and the ad-valorem component of Excise Duty on unbranded Petrol and unbranded Diesel has been abolished with effect from 1.3.2008. The Customs Duty and Excise Duty on Domestic LPG and PDS Kerosene were earlier abolished with effect from 1.3.2005. Further, consequent to enactment of Finance Bill 2006, Domestic LPG has become a "Declared Good" under CST Act and the maximum Sales Tax/VAT rate is 4% effective 19.04.06 across all the States/ Union Territories.The Central Government has been continuously taking up the matter with the State Governments for reduction in the rates of Sales Tax/VAT.

ANNEXURE

Annexure referred to in reply to parts (a) & (b) of the Lok Sabha Unstarred Question No.4473 by Shri Kailash Meghwal to be answered on 24th April, 2008 regarding taxes on petroleum products.

The break-up of price components of petrol, diesel, LPG (Domestic) and PDS Kerosene at Delhi are detailed below:

Share of Dealer Commission, Duties and Taxes in Retail Selling Price of Petrol at Delhi

| S. No. | Particulars | Rs./Litre |
|---|---|---|
| 1 | Basic Price without Dealer Commission, Customs Duty, Excise duty, Sales tax components | 20.16 (45%) |
| 2 | Dealer Commission | 1.02 (2%) |
| 3 | Custom Duty (Based on 1st Fortnight of April'08) | 1.97 (4%) |
| 4 | Excise Duty (levied @ Rs. 14.35/ litre plus 3% education cess) | 14.78 (32%) |
| 5 | Sales Tax | 7.59 (17%) |
| 6 | Retail Selling Price at Delhi (1+2+3+4+5) | 45.52# |

$ Figures in bracket give the components of dealer commission, customs duty, excise duty and sales tax as a % of S.No.6

# Public Sector Oil Marketing Companies have reported under-recovery of over Rs.9 per litre.

Share of Dealer Commission, Duties and Taxes in Retail Selling Price of Diesel at Delhi

| S. No. | Particulars | Rs./Litre |
|---|---|---|
| 1 | Basic Price without Dealer Commission, Customs Duty, Excise duty, Sales tax components | 20.28 (64%) |
| 2 | Dealer Commission | 0.60 (2%) |
| 3 | Custom Duty (Based on 1st Fortnight of April'08) | 2.36 (7%) |
| 4 | Excise Duty (levied Rs. 4.60/ litre plus 3% education cess) | 4.74 (15%) |
| 5 | Sales Tax (incl. Pollution Cess of Rs.0.25 per litre) | 3.78 (12%) |
| 6 | Retail Selling Price at Delhi (1+2+3+4+5) | 31.76# |

$ Figures in bracket give the components of dealer commission, customs duty, excise duty and sales tax as a % of S.No.6

# Public Sector Oil Marketing Companies have reported under-recovery of over Rs.15 per litre.

Share of Dealer Commission, Duties and Taxes in Retail Selling Price of LPG

(Packed Domestic) at Delhi

| S. No. | Particulars | Rs./Cyl. |
|---|---|---|
| 1 | Basic Price without Dealer Commission, Customs Duty, Excise duty and sales tax components | 264.36 (90%) |

2 Dealer Commission 19.05 6%
3 Custom Duty - Nil 0.00 0%
4 Excise Duty – Nil 0.00 0%
5 Sales Tax 11.34 (4%)
6 Retail Selling Price at Delhi (1+2+3+4+5) 294.75#

$ Figures in bracket give the components of dealer commission, customs duty, excise duty and sales tax as a % of S.No.6

# Public Sector Oil Marketing Companies have reported under-recovery of over Rs.303 per cylinder.

Share of Dealer Commission, Duties and Taxes in Retail Selling Price of PDS Kerosene at Delhi

S. No. Particulars Rs./Ltr.

1 Basic Price without dealer commission, Customs Duty, Excise duty and Sales tax components 8.01 (88%)

2 Wholesale Dealer Commission and Retail Commission 0.73 (8%)
3 Custom Duty – Nil 0.00
0%
4 Excise Duty – Nil 0.00
0%
5 Sales Tax 0.35 (4%)
6 Retail Selling Price at Delhi (1+2+3+4+5) 9.09#

$ Figures in bracket give the components of dealer commission, customs duty, excise duty and sales tax as a % of S.No.6

# Public Sector Oil Marketing Companies have reported under-recovery of over Rs.24 per litre.